

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



October 23, 1989

ALL-COUNTY LETTER NO. 89-88

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: TREATMENT OF LUMP SUM INCOME - AFDC-FC

REFERENCE: Eligibility and Assistance Standards
44-207.4 and 50-017

The purpose of this letter is to provide the County Welfare Departments (CWD) with direction regarding the treatment of lump sum income, period of ineligibility and the notification requirements mandated by the Rutan v. McMahon court case for Aid To Families With Dependent Children-Foster Care (AFDC-FC) cases.

As you are aware, the Rutan v. McMahon court case requires that the CWD provide adequate and timely written explanation of the lump sum rule to the applicant/recipient at both application and redetermination. For AFDC-FC purposes, if a relative or legal guardian is to be the payee of the foster care payment, the CWD must provide oral and written notification (Temp 1683) at application, redetermination and when a payee change is made to a relative or legal guardian. The child must also be provided the oral and written notification prior to his/her 18th birthday and at subsequent redeterminations regardless of the case payee.

Failure to provide the necessary Rutan notice and explanation will preclude the CWD from applying the lump sum computation and period of ineligibility until the notice is given. Once the notice is given, only the unspent balance of the lump sum is subject to the lump sum computation process. The Rutan requirements do not apply when the CWD is the payee of the lump sum payment on behalf of the child.

When a lump sum payment as described in Eligibility and Assistance Standards (EAS) 44-207.41 is received or anticipated by or on behalf of a child receiving AFDC-FC payments, the process described in EAS 44-207.42 shall be applied. For AFDC-FC purposes, the minimum basic standard of adequate care (MBSAC) amount is the foster care need standard as described in EAS 45-201.2 (i.e., AFDC-FC rate including amounts for specialized care).

Upon completion of the lump sum income computation, the period of ineligibility as described in EAS 44-207.43 shall be determined. Since AFDC-FC uses the prospective budgeting method (EAS 45-302.41) throughout the life of the case versus a combination of prospective and retrospective budgeting methods used in AFDC-Family Group/Unemployed Parent cases, the budget month and payment month are the same month (EAS 44-313). Therefore, the period of ineligibility shall begin with the payment month. In cases where the lump sum is discovered or reported too late for the CWD to affect 10-day notice for suspension or discontinuance in the corresponding payment month, EAS 44-207.431(c) shall apply.

The period of ineligibility may be shortened due to circumstances described in EAS 44-207.44. For example, an increase in the need standard due to a rate increase or placement change, medical expenses, authorization of a specialized care amount or infant supplement may shorten the period of ineligibility. However, special needs as defined in the Manual of Policies and Procedures (MPP) 11-405 cannot be used to shorten the period of ineligibility because they do not fit the special need criteria of EAS 44-211.2 or .3. The process for redetermining the period of ineligibility is described in EAS 44-207.461 and .462. The period of ineligibility is never lengthened due to a change in need.

If you have any further questions concerning this issue, please contact your Foster Care Program analyst at (916) 445-0813.

for Robert A. Horel
for ROBERT A. HOREL
Deputy Director
Welfare Program Division

cc: CWDA